

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DIVISION OF MANAGEMENT & TECHNOLOGY
BUREAU OF FISCAL SERVICES

ACCOUNTING POLICY

TOPIC: Section 14 -- Federal Funds 4.0	EFFECTIVE DATE: 10/14/87
TITLE: Indirect Cost Reimbursements	REVISION DATE: 01/16/01
AUTHORIZED BY: Donald N. Warnke, Director	PAGE 1 OF 2

BACKGROUND

Indirect costs are those costs incurred for a common or joint purpose and are not readily identified or assignable to any one program. In lieu of determining the actual amount of indirect cost allocable to a specific grant program, a final rate is negotiated with the Federal Division of Cost Allocation. This rate is then applied to the salary dollars expended in a grant or contract, and the amount recovered, the indirect cost reimbursement, is deposited in accordance with Wisconsin Statutes.

1985 Wisconsin Act 29 directs that all moneys received from the federal government as reimbursement of indirect costs be deposited in 20.435 (8) (pz), numeric Appropriation 840.

To ensure that the maximum federal reimbursement is received and consistent policies are applied for claiming indirect costs, the following policy will be followed when submitting grant applications and preparing federal claims for reimbursement.

POLICY

All operating divisions' grant management staff and Office of Strategic Finance (OSF)--Grants Management and Federal Relations Section will act to ensure that each grant application includes indirect costs as a budgeted line item. BFS-Program and Federal Accounting (PFA) staff will ensure that indirect costs, when budgeted, are included in the federal claim. The revenue will be credited in accordance with Wisconsin Statutes.

Submission of a federal grant that does not include indirect costs in the budget is permitted in limited circumstances, but must be approved prior to grant submission. The program division must justify that the claiming of indirect costs would seriously hamper the effectiveness of the project. Examples of acceptable justification would be:

- Not permitted in granting agency's allowable cost policies
- Substantial decrease in grant award.

Any request for waiver of indirect cost must be submitted in writing to OSF-Grants Management and Federal Relations Section. OSF and BFS-Special Services & Financial Statements Section (SSFS) will review the waiver request and advise the program division of its approval or denial.

PROCEDURES

1. Grant applications are to be submitted by the program division to OSF in accordance with existing practices.
2. Any application which fails to budget for indirect cost, and does not include a waiver request, will be returned by OSF to the applicant with instructions to build in the indirect cost rate.
3. Applications containing incorrect rates, or basing the rate on any line item(s) other than salary will be returned for correction.
4. Program divisions will be notified by OSF, after consultation with BFS-SSFS, if the waiver for including indirect has been approved. If not approved, the application will be returned to the applicant with instructions to build in the indirect cost rate.
5. BFS-PFA will calculate and include the appropriate amount in their claim for reimbursement and credit all recoveries to Appropriation 840 in accordance with Wisconsin Statutes.
6. Prior to assignment of a project number, BFS-PFA will review DOA Form 7020 for inclusion of indirect costs in the budget or an approved waiver request. If indirect costs are not included and an approved waiver is not present, OSF-Grant Management and Federal Relations Section will be notified.
7. Effective July 1, 1985, s 20.435 (8) (pz) of the Wisconsin Statutes was created to read:

Indirect Cost Reimbursement: All moneys received from the federal government as reimbursement of indirect costs of grants and contracts for the purpose authorized in s. 16.54 (9) (b).

For SFY86 and subsequent years, all indirect recoveries are to be deposited as follows:

Appropriation:	840
Account Class:	99500
Center:	8200 000 200

CONTACT PERSON

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